



# Committee On Finance

Max Baucus, Chairman

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## NEWS RELEASE

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### **Statement of Senate Finance Committee Chairman Max Baucus July 11, 2001 Hearing – The Role of Tax Incentives in Energy Policy**

This is the second in a series of hearings on the role of tax incentives in energy policy. Today, we consider issues relating to energy supply and demand, or production and consumption.

First we will hear from Jay Hakes who has a long history in energy policy, as a former Administrator of the Energy Information Agency. I might add he also has a history with Senator Graham as he is a former staffer. Mr. Hakes will suggest some criteria for evaluating tax incentives.

Then we will hear about tax incentives – and disincentives – in the oil and gas industry. This will include a proposal to keep small refiners in business and help them address the costs of complying with very important environmental rules. Some might think the plight of small refiners is a small issue. I disagree. Small refiners, like the Montana Refining Company, play an important role in supplying our nation's energy needs. I am eager to hear how the tax code may be used as a tool to keep this important sector healthy.

We also will hear about alternative energy sources, such as renewable energy used to supply electricity. I am pleased to note the leadership of Senator Grassley on this issue and look forward to working with him as we consider how the tax code might further development of the renewable energy sector.

We also will hear about ways that the tax code might be used to reduce demand for electricity, particularly through new technologies that could be used to replace traditional electricity supply. I know in Montana businesses are interested in fuel cell technology and I look forward to hearing about the prospects for this and other technologies.

Some of these ideas may seem like they have been around for a long time. In many cases they have. President Carter proposed tax incentives for energy conservation. So did President Clinton. Now President Bush has proposed several tax incentives for alternative and renewable energy supply and to reduce demand. Although some of the ideas are not new, we may be in a situation where we finally can find the political will to put them into action.